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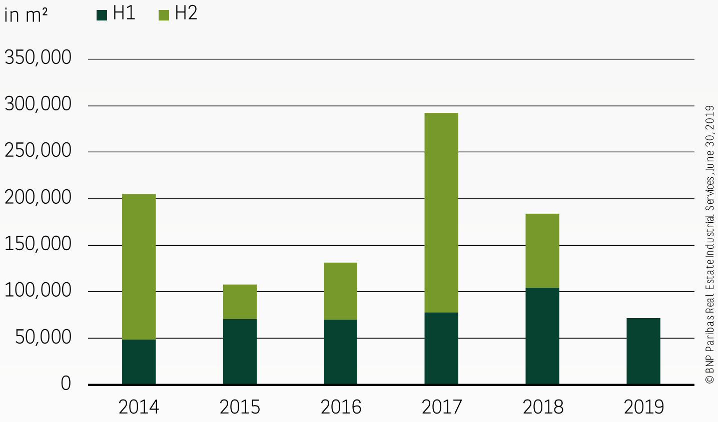
RESEARCH

At a Glance Q2 2019

LOGISTICS MARKET STUTTGART

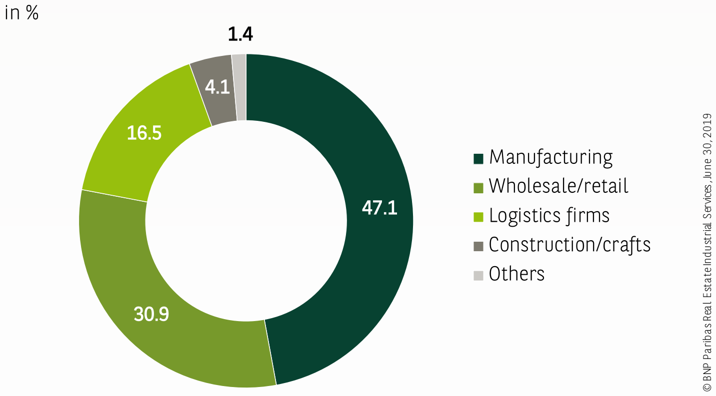
Light industrial and logistics take-up in Stuttgart



TAKE-UP IN LINE WITH LONG-TERM AVERAGE

The Stuttgart logistics and warehouse market achieved a take-up of 72,000 m² in the first half of the year. This is roughly at the level of the long-term average. Compared to the previous year, however, this figure declined by around 31 %. This is due to two main reasons: On the one hand, last year's result was extremely positive, and on the other, large contracts of more than 8,000 m² contributed around 90,000 m² to the result last year. In the first half of 2019, the equivalent figure so far is only 29,000 m². In addition to the usual fluctuations in the number of major contracts concluded, which are not signed to the same extent every year, this also reflects the very low supply of large new buildings. As in other locations, this situation is increasingly a limiting factor for the achievable take-up in Stuttgart. Among the few larger deals were 8,000 m² from Medi1one medical in Fellbach and 4,800 m² in Frickenhausen from Farasis Energy Europe.

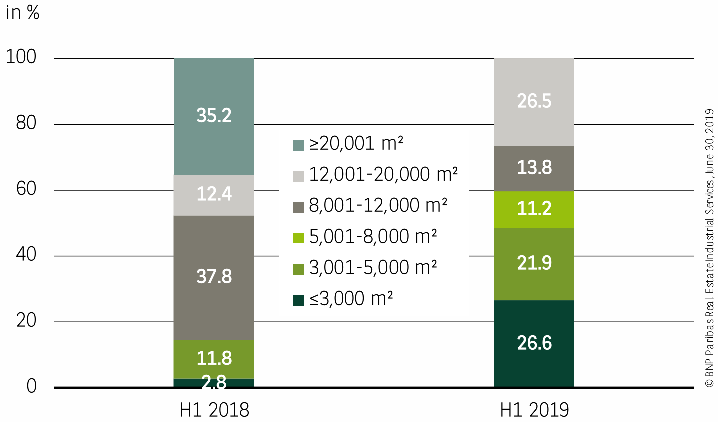
Take-up by sector in Stuttgart H1 2019



MANUFACTURING COMPANIES IN CLEAR LEAD

The breakdown of take-up by sector reveals that the economic strength of the Swabian metropolis is primarily driven by the industry. With a share of 47%, manufacturing companies are able to generate almost half of the result and are thus clearly at the top of the ranking. Trading companies claim the silver medal, contributing a further 31% to the result and, as in other cities, continuing to be very expansive. As a result, only third place remains for logistics service providers: their share of take-up amounts to 16.5%. The extent of involvement of the construction and craft companies is somewhat higher than in most other logistics agglomerations, accounting for a good 4 %.

Take-up by size category in Stuttgart



A LOT OF ACTIVITY IN THE SMALL AND MEDIUM SEGMENT

In contrast to the previous year, there was a comparatively homogeneous distribution of take-up across the various size classes. Since the category from 20,000 m² is not yet occupied, the largest share is accounted for by contracts between 12,000 and 20,000 m², which contribute a good quarter to the result. Particularly remarkable is the very lively market activity in the smaller size categories up to 8,000 m². All in all, they are responsible for almost 60% of the result. In absolute terms, at almost 43,000 m² they were even able to increase the comparable figure of the previous year by more than 170 %, which underlines the broad demand base.

Major contracts in Stuttgart H1 2019

Quarter	Company	Location	Area (m²)
Q1	Car manufacturer	Böblingen	19,000
Q1	Medi1one medical	Fellbach	8,000
Q2	Farasis Energy Europe	Frickenhausen	4,800
Q2	ASAP Gruppe	Sachsenheim	1,800

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Key figures logistics market Stuttgart

	H1 2018	H1 2019	Trend remaining year
Prime rent	6.60 €/m²	7.00 €/m²	↗
Average rent	5.20 €/m²	5.40 €/m²	↗
Take-up	105,000 m²	72,000 m²	↘
- Share of owner-occupiers	39.4 %	16.8 %	→
- Share of new buildings	93.0 %	17.1 %	→

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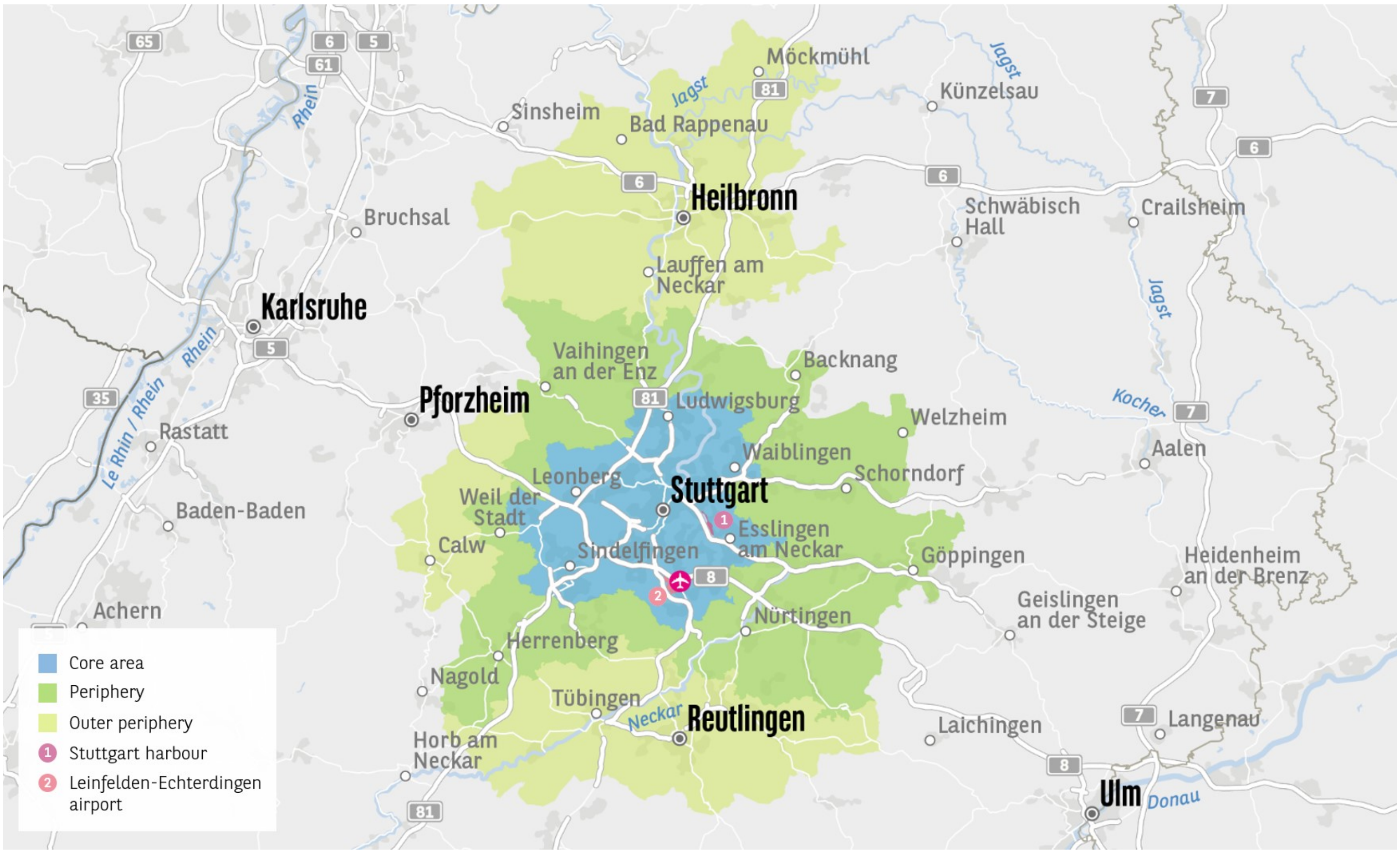
LACK OF SUPPLY LEADS TO INCREASING RENTS

The supply of space remains limited. This applies in particular to large new buildings and particularly preferred locations such as Stuttgart, Böblingen, Sindelfingen or Esslingen. On the one hand, this is due to the lack of available land, which is limited because of the topography, and on the other hand to a certain restraint on the part of local authorities to allocate land for logistics purposes. Users with larger space requirements in particular are therefore more often forced to relocate to more distant regions. This is reflected in the development of rents, with the result that the maximum rent in the past twelve months has increased by 6% to € 7/m² and the average rent by 4% to € 5.40/m².

OUTLOOK

Demand, especially in the small and medium-sized market segment, remains high. One reason: the automotive cluster, from where new developments and trends such as e-mobility emanate and which generates respective demand for space. Against this backdrop, a good result in a long-term comparison is also to be expected for the year as a whole, which is likely to be roughly at the level of average take-up. Whether it will be possible to exceed the 150,000 m² milestone again remains to be seen. A continued slight upward trend in rents cannot be completely ruled out.



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